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TAGS: [EFIN](#) [KNNP](#) [AU](#) [IR](#)
SUBJECT: TREASURY A/S O'BRIEN DISCUSSES BANK SEPAH WITH
RAIFFEISEN BANK

Classified By: Economic-Political Counselor Dean Yap for reasons 1.4
(b) and (d)

¶1. (S) On November 6, Treasury A/S O'Brien met with Patrick Butler, Chief Financial Officer of Raiffeisen Bank (RZB), and Fritz Sommer, RZB General Counsel, to clarify RZB's written response, following an October 20 meeting between Treasury U/S Levey and Raiffeisen International CEO Herbert Stepic. O'Brien reiterated that the USG remained concerned that Iranian entities were stripping identification information from financial transactions to conceal the true beneficiaries. O'Brien emphasized that this practice put all the financial institutions involved in the transaction chain at risk, given Sepah's designation under UNSCR 1737. O'Brien pointed to the recent FATF Statement and FINCEN Advisory, which highlighted serious anti-money laundering deficiencies in the Iranian financial system. Financial institutions needed to be extremely cautious with their Iranian business.

¶2. (S) Butler said that he had been "stunned" to hear allegations that RZB was assisting Sepah in disguising its transactions. RZB, according to Butler, follows all UN, EU, and Austrian laws regarding sanctioned individuals and firms. Butler maintained that RZB had ceased all business with Sepah following the UN designation. Butler said that he would verify that RZB had not concealed Sepah's role in any "licensed," as well as unlicensed transactions, as previously indicated to Treasury. Butler asked the USG to share as much information about the allegations as possible, so RZB could investigate. However, Butler said he understood that the USG might not be able to disclose all of the details of the allegations. (Note: Following the meeting, Butler and Sommer sent a written response to A/S O'Brien confirming that "also no licensed transaction (within the UN sanctions as enacted by EU Directive No. 423/2007 dated April 19, 2007) with Bank Sepah has been carried out" by the bank. End Note)

¶3. (S) According to Butler, RZB would continue to serve only "long-standing, established customers" doing business in Iran. RZB's business in Iran consisted overwhelmingly of letters of credits and guarantee loans. RZB "was not proactively seeking news business in Iran." Butler added that RZB, because of its significant operations in the Balkans and Eastern Europe, had put a sizable effort into developing a robust monitoring and compliance system.

¶4. (U) A/S O'Brien has cleared this message.
McCaw